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Minute number (ARC 4M/22)

Meeting	Audit and Risk Committee
Meeting date	03 October 2022
Meeting time	10:00 – 13:00
Meeting location	MS Teams

Members in attendance	Helen Mackenzie	Chair
	Clare Scott	Member
	Ian Forbes	Member
Other attendees	David Robb	Chief Executive Officer, SPPA
	Angus Brown	Senior Auditor, Audit Scotland
	Garry Cossar	Head of People, Strategy and Communications, SPPA
	Gemma Diamond	Audit Director, Audit Scotland
	Craig Gardiner	Chief Operating Officer , SPPA
	Hannah Grout	Risk and Assurance Manager, SPPA
	Paul O'Donnell	Interim IT Programme Director, SPPA (item 10)
	Josh McCreary	Internal Audit Manager, DIAA
	Karen Morley	Head of Finance, Procurement and Risk, SPPA
	Tom Reid	Audit Manager, Audit Scotland
	Jonathan Sharp	Data Protection and Information Governance Manager
	Dougie Shepherd	Senior Internal Audit Manager, DIAA
Apologies	Stuart MacArthur	Corporate Governance Manager, SPPA
Minute taker	Marnie Davis Wood	Governance Delivery Lead, SPPA

1.   Welcome and apologies

1.1   Apologies were received from Stuart MacArthur.

2.   Declaration of interests

2.1   There were no changes to committee members' Register of Interests nor were there any declarations of interest in the business to be conducted. Clare Scott (CS) noted that she was no longer serving as chair of the Teachers' Pension Board.

3.   Minutes of the previous meeting

3.1   The committee **agreed** that the minutes of the previous meeting were a true and correct record.

4.   Actions

4.1   The following actions were closed:
ARC 0122.06
ARC 0122.09
ARC 0322.02
ARC 0622.01
ARC 0622.03
ARC 0622.04
ARC 0622.05
ARC 0622.06
ARC 0622.07

ARC 0622.08

4.2   The committee noted that the date of 12 December 2022 could now be added to action ARC 0622.02, as the meeting for consideration of the scheme accounts had now been scheduled.

5.   Risk Management Report

5.1   Hannah Grout (HG) introduced the paper, noting that the format was slightly different to previous.

5.2   The committee discussed the following in relation to the Risk Register:
- Consistency of the risks on the register with what is being seen across other pension schemes
- Clarifying the scoring and description of the risk of not paying pensions, noting this risk relates to operational resilience
- The need for timelines on actions in the risk register
- The extent to which high-risk internal audit recommendations are reflected in the register
- Further areas to consider including: stakeholder management, change/transformation and fraud
- The process by which risks are escalated to the Executive Team Risk Register
- The current status of workforce plans
- Recruitment plans for the permanent Chief Operating Officer
- The outcome of the recent spending review, with the Agency's business as usual operating budget remaining stable. There is a clear delineation between the resource available to run the business and the resource available to deliver projects
- The impact of the annual pay award, including concern about pay disparity developing between public and private sector in future years
- Possible links between the Pension Board risk registers and the Executive Team risk register.

5.3   The Committee noted the current macro-economic climate and the impact that this may have on the Agency's medium term financial planning horizon.

6.   Internal Audit

6.1   Josh McCreary presented the progress report, updating the committee on the following:
- The 2022-23 Internal Audit Plan is progressing as planned, with an amendment noted below
- Advisory work on Risk Management is underway
- Scoping work has begun for the review of NHS scheme members' data
- It has been agreed that the Governance, Leadership and Culture advisory work will not take place this year due to the Agency's capacity to support further assurance activity, and these days are available for other advisory work
- Integrated assurance work was continuing.

6.2   The committee discussed:
- The Gateway Healthcheck Review of transformational change
- The applicability of the outputs of the NHS scheme members' data review across other schemes.

6.3   The committee discussed the postponement of the Governance, Leadership and Culture advisory work, noting that this area had been one of ongoing concern for the committee for a number of years and that they did not wish to see this work diminished in priority.

6.4   The Capability and Capacity Review was due for formal follow-up later in October, and discussions indicate that recommendations are tracking green, pending formal evidence collection.

6.5   The committee noted the Cyber Governance Review, which had received a reasonable assurance, and discussed:
- The need for bringing together parts of the approach into a cohesive plan
- The Agency's relationship with other government organisations in developing national approaches to cyber security.

7.   External audit

7.1   The committee received an update on the audit of the Agency and Scheme Annual Reports and Accounts from Gemma Diamond, noting that:
- There had been delays in receiving the Agency accounts and scheme accounts had not yet been received; the planned timelines had not been met
- The limitations on capacity in the Finance team were impacting progress, as were some minor errors in the accounts and data-related delays.

8.   Annual Report and Accounts

8.1   Karen Morley provided a progress update, highlighting:
- Issues with capacity of interims brought into support this work; knowledge transfer ; and recruitment of finance personnel
- Demands on the team from Scottish Government-wide work such as the spending review and protecting at-risk project spend impacting the ability to deliver business as usual
- Improvements to the process of evidence-gathering across the Agency

8.2   The committee discussed:
- Recruitment issues across Scottish Government
- How the global financial situation might be reflected in the post balance sheet events
- Data quality improvement.

8.3   The committee noted that although Audit Scotland and the Agency were working hard to complete the audit process according to the new timetable, there remained a risk that this might not be completed by the 31 December deadline.

9.   Altair system outage – lessons learned

9.1   The committee received a report on the lessons learned as a result of the post incident review of the recent Altair system outage.

9.2   The committee discussed:
- Whether further outages should be expected, or whether further controls were now in place to avoid them, noting that work had since been undertaken and a contract had been established to prevent further outages
- The process by which an issue becomes an incident, and the work needed to be done on risk appetite and tolerance in relation to this.

10.   Pension Platform Programme Update

10.1   Paul O'Donnell presented a report to the committee noting that the programme was reporting amber and was making progress on the planned route to green. Procurement

was going well, and contract award was imminent; a contract manager had been appointed.

11. Risk Deep Dive Schedule

11.1 The committee considered the proposed schedule, noting:
- The discussion on benefits realisation should include consideration of benefits to customers
- There should be a scoping exercise in the lead-up to each Deep Dive, in which committee members can have input.

Action ARC 1022.01 Marnie Davis Wood (MDW) to facilitate online discussion to determine the scope of each Deep Dive topic with the committee ahead of the individual meetings.
Completion date: 30 November 2022

12. Any other business

12.1 The committee discussed agenda planning, noting that it would be helpful to have access to contextual information from the Agency ahead of the agenda being finalised for each meeting to aid agenda planning.

Action ARC 1022.02 MDW to share the annual agenda plan with the committee alongside the 2023-24 schedule.
Completion date: 30 November 2022

Action ARC 1022.03 Corporate Governance Team to meet with Chair to review the agenda planning process (MDW).
Completion date: 30 November 2022

13. Date of next meeting

13.1 The next meeting will be held in January 2023; a schedule for 2023 meeting dates will be released by the end of October.

Version Control		
		Version number
Date minutes sent to chair	10 October 2022	0.1
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